MULTIMEDIA UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017/2018

BIB 3114 – ISLAMIC BANKING

(All sections / Groups)

3 MARCH 2018
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 2 pages with 4 Questions only.

2. Answer all questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

There are FOUR questions and candidates MUST answer ALL FOUR questions.

Question 1 (25 Marks)

(a) It is essential for any Islamic transaction to have Islamic contract. Briefly describe **SEVEN (7)** key features in an Islamic contract.

(15 marks)

(b) The most common savings deposit in Islamic bank are Wadiah Yad Amanah and Wadiah Yad Dhamanah. Differentiate between these two Wadiah deposits in terms of risk and returns.

(10 marks)

Question 2 (25 Marks)

(a) There are several ways a customer can buy a house using Islamic financing. One way is by using Al-Bai' Bithaman Ajil (BBA). Describe how you as a customer can buy a house using a BBA transaction with three parties.

(10 marks)

(b) Similar to conventional leasing, Islamic leasing is also divided into two, which are operating lease and financial lease. Explain with a diagram the process for Musyarakah financial lease.

(15 marks)

Question 3 (25 Marks)

(a) Profit derived from CD Pool of Profit for Islamic bank need to be distributed between the bank and their depositors.

Assuming the CD Pool of Profit for the month is RM7.25 million and Total Weighted Proportion of Profits is RM880.145 million and you are given the following information in the profit distribution table:

Distribution of Gross Revenues Attributable to Depositors and the Bank

Types of Deposit	Monthly Average Daily Balance (RM)	Weight	Proportion for Depositors	Proportion for Bank
Savings	210.5 million	1.00	0.5	0.5
Investment				
1 month	72.14 million	0.80	0.70	0.30
3 months	124.16 million	0.85	0.70	0.30
6 months	90.84 million	0.90	0.70	0.30

Continued...

Based on the information given, calculate the following for the depositor and the bank:

(i) Weighted Proportion of Profits (RM) for each deposits. (4 marks)
(ii) Distribution of Profits (RM) for each deposits. (8 marks)
(iii) Profits for Depositors (RM). (4 marks)
(iv) Profits for Banks (RM). (4 marks)

(b) Briefly explain **FIVE (5)** differences between Sukuk bonds and conventional bonds.

(5 marks)

Question 4 (25 Marks)

(a) Explain the **TWO (2)** types of Islamic letter of credit and each of their processes.

(20 marks)

(b) Some financing methods that are widely used in certain countries are banned in others. One popular example is Bai-inah. Defined Bai-inah and explain why in some countries, Bai-inah is not acceptable.

(5 marks)

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